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January 24, 1956

F/C
Lester
Ferguson

EDAC Working Group III, Economic Defense Policy & Planning

MINUTES

2:30 p.m. Wednesday, January 18, 1956
Room 701 SA-7

Attendance:

State

Mr. Goodkind, Chairman
Mr. Tuckerman
Miss Worthing
Mrs. Young

ODM

Mr. Winant

CIA 25X1A9a



MDAC

Mr. Hale

Treasury

Mr. Blaser

Commerce

Mr. George

ICA

Mr. Slaght

Defense

Mr. Van Sant

Mrs. Huver, MDAC, Committee Secretary

Agenda:

1. Review of MDAC draft paper on the problem of coordination and implementation of U. S. policy concerning Soviet economic penetration of underdeveloped countries.

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1. Review of MDAC draft paper on the problem of coordination and implementation of U. S. policy concerning Soviet economic penetration of underdeveloped countries.

Decision

The Chairman requested that Mr. Hale and Mr. Tuckerman revise the Discussion section of the memorandum to conform with the recommendations agreed upon during this meeting and to circulate the complete memorandum to the members of the Group for comment to Mr. Tuckerman. If all members concur in the revised memorandum, it will be sent through the Chairman of the Executive Committee for submission to the Chairman of EDAC, with or without an Executive Committee meeting, as felt necessary.

The Chairman requested the CIA and OIR representatives to submit a memorandum to the Working Group, describing information, the nature of which would be needed under this kind of an assignment, which has been processed and made available over the last six months and also that which may be expected in the next three months. The Chairman of the Research Planning Panel will be requested to attend the next meeting of the Working Group for a discussion of what should be expected of that Panel in furnishing information to the Group on this problem.

Discussion

The Chairman said that, notwithstanding what he may have said earlier on the subject of the Working Group's assignment of the problem of coordination and implementation of U. S. policy concerning Soviet economic penetration of underdeveloped countries, he now believes that there is an appropriate role for this Working Group to play, provided that role is carefully tailored to the appropriate functions of EDAC in connection with the problem. It is therefore necessary to decide what EDAC can do as a practical matter and as a policy matter, and the present task before the Group is the way in which this assignment is phrased and how the Working Group's supporting role can be carried out.

The Chairman further stated that in connection with this problem he had prepared a memorandum for approval in the State Department which has the following two recommendations which would be of significance to this Group: (1) a review of the Soviet efforts in the way of economic penetration, the U. S. reaction to this challenge, and the adequacy of current U. S. policy to meet this challenge; and (2) the establishment of a more definitely assigned responsibility for collating data on the Soviet efforts. If these recommendations are adopted, and a study called for, it would seem advisable for this Group to wait and draw on those efforts within State, thus lessening its problem. If the study is not recommended, then this Group would have to consider how this background information could be produced for its purposes.

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The Recommendations section of the MDAC draft memorandum was discussed and the following amended language was agreed upon:

Recommendations

1. Working Group III shall maintain arrangements for the systematic and continuing flow to it of collated and analyzed data on the Soviet bloc economic activities in the Free World, including such special studies concerning particular problems as may be found necessary. *Sino?*

2. (a) Working Group III shall maintain under review the national policy directives which place responsibility on the economic defense community with regard to Soviet bloc economic penetration activities in the Free World. *Sino?*

(b) In discharging the function under (a) above at the present time, Working Group III shall undertake the following review:

(i) A new study of the current status and impact of Soviet bloc economic activities in Free World countries and correlative aspects of U. S. foreign economic programs as related to economic defense matters; *Sino - all F.W. countries or just underdeveloped ones*

Sino? (ii) A review of existing national policy directives to the economic defense community in NSC 152/3 on the subject of Soviet economic activities in the Free World and of the revision of the pertinent paragraphs proposed in the report to the Council on Foreign Economic Policy of July 5, 1955; recommendations based on this review should be forwarded to the Council on Foreign Economic Policy and thence to the NSC.

3. Working Group III shall undertake, to the extent of its abilities, active surveillance of Soviet bloc economic activities in the Free World, examining individual cases in the light of existing economic defense policy responsibilities to:

(a) Determine the existence or threat of excessive ^{economic} reliance on the Soviet bloc as a trading partner; and

(b) Where a determination may be made that such reliance exists or is threatened, recommend such courses of action as may appear appropriate.

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At an early meeting, and without awaiting approval of the above recommendations, the Working Group will discuss the next aspect of this problem, which is the implementation of this project, particularly with respect to obtaining information and maintaining the surveillance referred to.

The Commerce member felt that it would be helpful if at some early date the ICA member could outline to the Group in some detail the current thinking of his agency as regards aid in connection with this type of problem.

The ICA member suggested that the Department of Agriculture should have representation at any meeting of this Group which deals with any aspect of economic penetration as well as other items in which they would have an interest. The Chairman said he would contact Agriculture and arrange for representation from that agency. *

The Commerce member said he would like a discussion of the terms of reference of this Group at the next meeting. The Chairman asked him to raise specific questions in this connection.

* Secretariat Note: In response to the Chairman's invitation, the Department of Agriculture has designated the following membership on Working Group III, for attendance whenever problems of particular interest to Agriculture are to be considered:

Burl Stugard, Member
Bruce Easton, Alternate

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